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PL-00 - Coup Affair II ARA

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United States Department of State

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Washington, D. C. 20520

February 24, 1992

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INFORMATION MEMORANDUM

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BA	✓
RSG	✓
JPM	✓
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ABA/S	✓
AAS	✓
PKC	✓

TO: E/C - Mr. Zoellick

FROM: INR - Douglas P. Mulholland DM

SUBJECT: Venezuela: CAP and Corruption

For President Carlos Andres Perez to resolve the crisis of confidence created by the February 4 coup attempt, he must address underlying problems that helped spark the uprising. One major challenge will be to change the perception that he tolerates high-level corruption. [REDACTED] indicates that CAP will reach a crossroads on this issue soon, as the National Guard plans to arrest three Army Generals and a vice minister of Justice for money laundering.

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Endemic corruption was a key complaint of rebellious officers and remains a rallying point for disgruntled junior officers. It has also contributed to widespread popular contempt for government and politicians in Venezuela.

Corruption is a thorny issue for CAP. After his first administration, he was reprimanded by Congress for corruption. His gift for political survival points to taking strong action to restore a measure of confidence in his government. Thus far, however, CAP has shown a remarkable tolerance for corruption. CAP's mistress Cecilia Matos and members of his inner circle have been responsible for some of the most egregious recent excesses. Upcoming cabinet changes incorporating honest members, which have been widely predicted, will have to be followed by concrete advances to give CAP credibility in this fight.

The National Guard's plan to move against the money launderers could be an opportunity for CAP. The implicated Vice Minister of Justice is the son of a powerful ruling party senator, himself corrupt, and an arrest would give the appearance of attacking heavy-hitters. Although arresting the Generals could trigger a crisis in the Army, handled well it offers an opportunity to address mid-level officers' concern about corruption by their superiors. We do not know whether CAP is aware of the National Guard's plans for arrest. He must move quickly to associate himself with this initiative, or public confidence in his leadership will continue to decline.

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